

STATE OF WASHINGTON
HEALTH CARE AUTHORITY

REQUEST FOR PROPOSALS

FOR

THIRD-PARTY ADMINISTRATOR
FOR THE UNIFORM MEDICAL PLAN

Table of Contents

Section 1.	GENERAL INFORMATION	7
1.1.	Purpose	7
1.2.	Minimum qualifications	7
1.3.	Background	7
(A)	UMP	7
(B)	Providers.....	8
(C)	Payment to providers.....	8
(D)	PEBB, eligibility, identification numbers.....	8
(E)	Other vendors.....	9
(F)	Special initiatives.....	9
1.4.	Period of performance.....	10
1.5.	RFP Coordinator	10
1.6.	Estimated schedule	10
1.7.	Notification of intent to bid.....	11
1.8.	Mandatory bidders' conference; questions.....	12
(A)	Meeting is contingent	12
(B)	Attendance mandatory	12
(C)	Questions at conference	12
(D)	Written questions	12
(E)	No telephone or personal inquiries	13
1.9.	Submission of proposals.....	13
(A)	Bidder responsible for delivery.....	13
(B)	Hand delivery	13
(C)	Self-sufficient proposals	13
(D)	Web site.....	14
1.10.	Proprietary information & public disclosure.....	14
(A)	Public records.....	14
(B)	Proprietary information	14
(C)	Exemptions from disclosure	14
1.11.	Revisions to this RFP	14
(A)	Published addenda	15
(B)	Cancellation or reissue	15
1.12.	Acceptance period.....	15
1.13.	Economy of preparation.....	15
1.14.	Responsiveness.....	15
1.15.	Most favorable terms.....	15
1.16.	Contract with selected contractor	15
1.17.	Costs to propose	16
1.18.	No obligation to contract	16
1.19.	Rejection of proposals	16
1.20.	Failure to comply	16
1.21.	Commitment of funds.....	16

1.22.	Signatures	16
1.23.	Insurance	16
(A)	Liability insurance	17
(B)	Additional provisions	17
Section 2.	SCOPE OF WORK AND OTHER REQUIREMENTS	18
2.1.	Scope in general	18
2.2.	Organization of this section on Scope	18
2.3.	Claims administration	19
(A)	In general	19
(B)	Runout	19
(C)	Reports of payments	19
(D)	Changes to system	20
(E)	Fraud and abuse	20
(F)	Standard coding sets and edits	20
(G)	Provider Payment Methodologies and Policies	20
(H)	Data Extracts	20
(I)	Services after termination of agreement	20
(J)	Electronic information	21
2.4.	Customer service for enrollees	21
2.5.	Provider relations	21
2.6.	Responses to inquiries	21
2.7.	Appeals by enrollees	22
2.8.	Reconsideration requests by providers	22
2.9.	Reports & meetings	22
(A)	Reports	22
(B)	Meetings	22
2.10.	Management, staffing, and services	22
(A)	Key staff	22
(B)	Customer service line	23
(C)	Provider service line	23
(D)	Open Enrollment	23
(E)	Materials and ID cards for new enrollees	24
(F)	Local office	24
(G)	Other meetings	24
(H)	Subcontracts	25
(I)	Utilization Management and Quality Improvement	25
2.11.	Electronic information	25
(A)	UMP staff	25
(B)	Enrollee Web site	25
(C)	Provider claims	26
(D)	Complaints and appeals	26
(E)	Provider directory	26
(F)	Eligibility transfers	26
(G)	System problems	27

(H)	HIPAA-compliant transactions	27
2.12.	Medicare crossover	27
2.13.	Continuity	27
2.14.	Other services.....	27
(A)	Required services.....	27
(B)	As-needed services.....	28
(C)	ID cards and materials	28
(D)	Work orders	28
2.15.	Performance standards.....	28
(A)	Areas and levels of standards	29
(B)	Consequences of failing to meet standards.....	29
(C)	Implementation performance standards	30
2.16.	Transition.....	30
Section 3.	PROPOSAL CONTENT	30
3.1.	General Information.....	30
(A)	General	30
(B)	Identification	30
(C)	Minimum qualifications.....	30
(D)	Legal status	30
(E)	Local office	31
(F)	Financial statements	31
(G)	Other clients	31
(H)	Merger etc.....	31
(I)	Contingencies.....	31
(J)	State employment	31
(K)	Washington State contracts	32
(L)	References	32
(M)	Defaulted contracts	32
(N)	Accreditation.....	32
3.2.	Response to “Scope of Work” Items	33
(A)	General.....	33
(B)	Access to claims and appeals databases	33
(C)	Appeals.....	33
(D)	Medical review	33
(E)	Case management and other programs	33
(F)	Fraud and abuse.....	33
(G)	Coordination with Pharmacy Benefits Manager.....	34
(H)	Continuity	34
(I)	Out-of-state network	34
(J)	Other costs	34
(K)	Return on investment	34
(L)	Electronic claims and related matters	34
(M)	Payment methodologies and policies.....	34
(N)	Standard coding sets and edits	35

(O)	Claims data extracts	35
(P)	Draft contract	35
3.3.	Subcontracting	35
(A)	Arrangements with subcontractors	35
(B)	Coordination	35
3.4.	Implementation and Transition.....	35
(A)	General description	35
(B)	Management.....	35
(C)	Plan.....	36
(D)	Communications	36
3.5.	Innovative Proposals.....	36
3.6.	Cost proposal	36
(A)	Base fee & services	36
(B)	Other fees	36
Section 4.	EVALUATION AND CONTRACT AWARD	37
4.1.	Procedure	37
(A)	General.....	37
(B)	Stages.....	37
(C)	Other processes.....	38
4.2.	Stage 1 – Mandatory proposal requirements	38
4.3.	Stage 2 – Preliminary scoring and financial analysis.....	38
(A)	Scoring	38
(B)	Financial analysis.....	39
(C)	Pricing negotiations.....	39
(D)	Clarifications	39
4.4.	Stage 3 – Notification of contract finalists	39
4.5.	Stage 4 – oral presentations (if held).....	39
(A)	Oral presentations	39
(B)	Commitments at oral presentation.....	40
(C)	Scoring	40
(D)	Location; site visit.....	40
4.6.	Stage 5 – Notification of apparent successful and unsuccessful bidders	40
4.7.	Provisions to evaluation procedure	40
(A)	Rejection.....	40
(B)	Financial stability.....	40
(C)	Financial information	40
(D)	Award not necessarily to lowest bidder	41
4.8.	Notification to unsuccessful bidders	41
(A)	Debriefing with unsuccessful bidders	41
(B)	Subjects	41
(C)	Time and place	41
4.9.	Protest procedure.....	41
(A)	General.....	41
(B)	Form of protest	42

(C) Issues	42
(D) Protest review.....	42
(E) Other bidders.....	42
(F) Final determination	42
(G) Protest without merit	43
Section 5. DEFINITIONS	43
5.1. Apparent Successful Bidder.....	43
5.2. Bidder	43
5.3. Contractor.....	43
5.4. Enrollees	43
5.5. Proposal	43
5.6. Subscriber.....	43
Exhibit A, Certifications and Assurances	
Exhibit B, Enrollment Information	
Exhibit C, Certificates of Coverage	
Exhibit D, Draft Contract	
Exhibit E, Reports	
Exhibit F, PEBB eligibility file format	
Exhibit G, ViPS MCSource Data Extract	
Exhibit H, 2004 schedule of Benefit Fairs	

Section 1. GENERAL INFORMATION

1.1. Purpose

This Request for Proposals (RFP) is being issued by the Washington State Health Care Authority (HCA).

The purpose of this RFP is for the state of Washington to obtain proposals to provide third-party administrator (TPA) services for the Uniform Medical Plan (UMP). The successful bidder would become the TPA for administration of claims for medical services beginning 1 January 2006, with the contract beginning on 1 July 2005. The selected TPA services provider must provide all staffing, systems, and procedures required to perform the services described in this RFP.

1.2. Minimum qualifications

To be eligible to bid on this RFP and to be the Contractor, an entity must

- (i) be licensed to do business in Washington;
- (ii) submit the documents required by this RFP, on time;
- (iii) be serving as a third party administrator to health plans for at least five years, for at least one account that has included a minimum of 50,000 lives during those five years
- (iv) be domestic corporation or other entity in the United States, and perform all services for UMP in the United States.

1.3. Background

(A) UMP

The Uniform Medical Plan (UMP) is a division of the Washington State Health Care Authority. It is the self-funded preferred-provider plan option for individuals eligible to enroll in the health plan options administered by Public Employees Benefits Board (PEBB). PEBB administers plans on behalf of state employees and retirees and certain other public employees. Premiums and the benefit plan are established by the PEBB. UMP was made part of the Health Care Authority in 1988 and has operated there ever since. Its offices are in Seattle. Third-party administrator services are currently provided by Harrington Benefit Services, Inc. UMP operates two plans: the preferred-provider organization plan with about 78,000 subscribers and about 142,000 enrollees, and the "UMP Neighborhood" program with about 900 subscribers and 1,900 enrollees. The UMP Neighborhood program is a pilot program, and may be discontinued or changed after the pilot period ends 31 December 2005. UMP Neighborhood is a care system option offered by UMP for residents of King, Snohomish, and Pierce counties. UMP

Neighborhood enrollees receive the same benefits as those enrolled in the UMP's traditional preferred provider organization (PPO). Care is provided, however, by a more limited choice of network providers who were exclusively selected to participate in the eleven Care Systems that make up UMP Neighborhood.

(B) Providers

Within Washington, the UMP maintains a statewide provider network of over 17,000 professional and ancillary providers and currently contracts with all Washington hospitals. UMP contracts with Alternare Health Services, Inc., for an alternative provider network (currently this includes naturopaths, acupuncturists, and massage therapists). In-state provider contracting is handled directly by UMP and will not be the responsibility of the TPA Contractor. For providers outside of Washington, the present TPA contracts with Beech Street Corporation for its network. The Contractor will need to arrange corresponding out-of-state services. The contracted networks do not process claims for UMP.

(C) Payment to providers

The UMP will provide regular updates to the Contractor regarding UMP's provider reimbursement policies (including contracted rates and fee schedules) for payment of health care providers. The Contractor must make timely updates so as to avoid delayed or incorrect payments to providers. In general, UMP follows Medicare coverage and billing guidelines and payment methodologies. Those include, for example, the Resource Based Relative Value Scale (RBRVS), All Payer Diagnosis Related Groups (APDRG), and Ambulatory Payment Classification (APC's). The UMP does deviate from Medicare when appropriate to meet UMP program needs. The Contractor will be required to implement UMP payment methodologies and policies. More information on UMP provider payment methodologies and policies is available on the UMP Web site (www.ump.hca.wa.gov).

(D) PEBB, eligibility, identification numbers

The PEBB division of the Health Care Authority administers eligibility and collects premiums for all PEBB health plans, including UMP PPO and UMP Neighborhood. The Contractor will receive eligibility files from PEBB. The Contractor will be responsible for generating unique enrollee identification numbers for eligible enrollees using an algorithm specified by HCA, adding information about other insurance coverage, and passing that information on to other vendors working with UMP (such as the pharmacy benefit manager). The Contractor will also be responsible for accepting information from other

vendors (for example, pharmacy payments to be applied to the enrollee lifetime maximum benefit tracked in the Contractor's claim system).

(E) Other vendors

The Contractor will be required to work with a number of other vendors providing services to the HCA or UMP. Work may involve sharing eligibility or data, or other activities as directed by the HCA. The current vendors include some that are subcontracted through the current TPA and may be changed (current subcontracted entities marked with *):

1. Alternare Health Services of Washington – alternative provider network services
2. Avidyn*– case management services
3. Beech Street PPO *– provider network access outside Washington state
4. Concentra*– hospital audit services
5. Express Scripts – UMP pharmacy benefits management
6. Fiserv Precision Direct* – new enrollee packet fulfillment
7. *Free & Clear*– tobacco cessation program
8. Healthcare Recovery Inc. * – subrogation investigation and recovery
9. HSS* – reimbursement data consulting & hospital rate rebasing services
10. Idaho consulting Medical Director contract*
11. Mercer Consulting – actuarial consulting
12. NW Credentials Verification Service – provider credentialing
13. OneHealthPort* – online claim and eligibility portal for providers
14. Personix* -- enrollee ID card production
15. Patient Choice Health Care – UMP Neighborhood pilot product consultants
16. ViPS – data warehouse for analysis and reporting

(F) Special initiatives

The Uniform Medical Plan is looking for a Contractor with which to collaborate on a number of important initiatives including:

- Administrative simplification initiatives to reduce workload burdens on health care providers, including adopting guidelines of the Washington Health Care Forum (see www.wahealthcareforum.org)
- Compliance with the National Committee on Quality Assurance standards for preferred provider organizations
- Innovations in benefit plan design and administration
- Online access to information for enrollees and providers
- Promoting appropriate use of preventive care services

- Other initiatives to improve health care outcomes and provide more efficient care

1.4. Period of performance

The contract will take effect no later than 1 July 2005 for implementation, transition, setup, and certain services, and will apply to the plan years beginning 1 January 2006. It is expected to continue in effect until 31 December 2009. The contract will be subject to termination as provided by its terms.

1.5. RFP Coordinator

The RFP Coordinator for HCA is the sole point of contact for this procurement. Upon issue of this RFP, all communication about the procurement process, including submitted proposals, between the bidder and the HCA shall be with the RFP Coordinator. The RFP Coordinator is:

Vicky Rideout
PO Box 42702
676 Woodland Square Loop SE
Olympia, Washington 98504-2702
E-mail: vrld107@hca.wa.gov

Bidders are to rely on written statements issued by the RFP Coordinator. Any other communication is unofficial and is not binding on the RFP Coordinator and the HCA. Communication directed to anyone other than the RFP Coordinator may result in disqualification of the bidder.

1.6. Estimated schedule

Deadline Date (2005)	Activity	Responsibility
January 11	RFP issued	State
January 18	Notification of Intent to Bid due	Bidders
January 20	Pre-conference questions due. These questions will be answered at the Bidder's Conference, if held; otherwise answers will posted on the Web site.	Bidders
January 21	Announce whether Bidders' Conference will be held; if no conference, post answers to questions received by 1/20/05	State
January 25	Bidders' Conference, if held.	State & Bidders
February 1	Post-Conference questions due	

February 9	Answers to post-conference Bidder's questions posted on the state's Web site: www.hca.wa.gov/rfp . Some answers may be posted earlier.	State
February 22	Proposals due to the RFP Coordinator	Bidders
February 23 – March 25	Evaluation Committee reviews bidder's proposals; clarification questions sent to bidders.	State
Week of March 31	Finalist oral presentations (if necessary)	State & Bidders
April 6-11	Final proposal clarification and negotiation	State & Bidders
April 15	Apparent Successful Bidder(s) announced; unsuccessful bidders notified.	State
June 1	Finalize contract	State & apparent successful bidder
No later than June 15	Contract signed; Contractor implementation begins 1 July 2005	State & Contractor
July 1	Contract begins; implementation begins	State & Contractor
From signing through November	Implementation coordination	State & Contractor
	Annual enrollment period & Benefit Fairs	State & Contractor
December	State sends enrollment data to Contractor	State
January 1, 2006	Plan year effective date	State and Contractor

If HCA revises any part of this RFP, addenda will be posted on the HCA's Web site at **www.hca.wa.gov/rfp**.

1.7. Notification of intent to bid

Each bidder interested in submitting a proposal in response to this RFP must submit a Notification of Intent to Bid to the RFP Coordinator no later than 4:00 p.m. Pacific time, 18 January 2005. The Notification of Intent to Bid must identify the entity submitting it, by legal name and any business name under which it would perform if it became the Contactor, must identify this RFP, and must state that the entity intends to submit a bid responsive to this RFP. The Notification of Intent to Bid must be received separate from any questions to be answered at the Bidder's Conference. Notifications of Intent to Bid must be in writing. They must be timely received at the address stated in subsection 1.5. The Notification is a statement of intent; the entity may later decide not to submit a bid. Bids will not be accepted, however, from any entity that did not submit a timely Notification of Intent to Bid.

1.8. Mandatory bidders' conference; questions

A Bidders' Conference may be held on 25 January 2005, 9:00 – 11:00 AM Pacific time, at

Uniform Medical Plan
1511 Third Avenue, Suite 201
Seattle, Washington 98101

(A) Meeting is contingent

The bidders' conference will be held only if HCA decides to hold it. Any potential bidder may include in its Notification of Intent to Bid whether it recommends such a conference, but the decision is up to HCA. If the conference is held, notice of it will be sent only to those entities who have submitted a Notification of Intent to Bid.

(B) Attendance mandatory

If the bidders' conference is held, attendance at it is mandatory for bidders. Bidders who do not attend the bidders' conference will not be considered for a contract award. The purpose of this meeting will be to discuss the work to be performed and to address any questions arising from the RFP. HCA may reschedule or cancel the conference at its sole discretion in case of unexpected conditions, such as inclement weather that prevents travel.

(C) Questions at conference

No questions will be answered at the conference except written questions as provided in paragraph (D) below that are received on or before 20 January 2005. Questions asked orally at the conference or received in writing after 20 January but on or before 1 February 2005, will be answered as described in (D) below. Any oral answer to a question is tentative and is not binding until confirmed in writing.

(D) Written questions

Questions concerning this RFP may be submitted by mail, fax, or email. Questions received on or before 20 January 2005 will be answered at the bidders' conference, if that conference is held. The answers will also be posted on the State's Web site, www.hca.wa.gov/rfp. If there is no bidders' conference, questions that would have been answered at that conference will be answered on the Web site. Questions received after 20 January 2005 but on or before 1 February 2005 will be answered on the State's Web site. No questions will be accepted after 1 February 2005. The HCA answers will be posted on the Web site on or before 9 February 2005. The HCA is bound only by its written answers as posted on the Web site.

(E) No telephone or personal inquiries

The HCA will not respond to telephone inquiries or visits by bidders or their representatives. All questions are to be put in writing, or posed at the bidders' conference if one is held.

1.9. Submission of proposals

One hardcopy of the proposal with original signatures on the Letter of Submittal and the Certifications and Assurances (Exhibit A), plus ten electronic copies of the proposal on CD-ROMs, must be received at the physical location of the RFP Coordinator listed in Section 1.5. Each CD must be tested to assure all the materials are there and accessible. All proposals must be received no later than 4:00 p.m. Pacific time on the date shown in subsection 1.6 (page 10). The files on the CD-ROMs must be in a Microsoft Office 2002 format (Word or Excel), except that sample documents and similar materials may be submitted in PDF format. The envelope must be clearly marked to the attention of the RFP Coordinator. RCW 1.12.070 does not apply and postmarks will not be considered the date received for purposes of this solicitation. Responses sent by facsimile are not acceptable and will be disqualified from consideration. Late proposals will not be accepted and will be automatically disqualified from consideration.

(A) Bidder responsible for delivery

Bidders are responsible for the timely delivery of their proposals to the RFP Coordinator. Bidders assume the risk for the method of delivery chosen. Late proposals will not be accepted and will be automatically disqualified from further consideration. The method of delivery is chosen by the bidder, and is at the bidder's sole risk to assure delivery at the designated time and place. The HCA does not take responsibility for any problems in the mail or delivery services.

(B) Hand delivery

The HCA will accept hand delivered bids to the receptionist in the HCA office in Lacey, Washington, between 8:00 a.m. and 4:00 p.m. Pacific time daily, except Saturdays, Sundays, and State holidays.

(C) Self-sufficient proposals

Do not respond by referring to material presented elsewhere. The proposal must be complete and must stand on its own merits.

(D) Web site

The UMP Web site has additional information, such as current provider billing manuals, that may be of use in preparing a response to this RFP: www.ump.hca.wa.gov.

1.10. Proprietary information & public disclosure

All materials submitted in response to this competitive procurement are the property of the HCA. Those materials will not be returned to the bidder.

(A) Public records

HCA will keep proposals confidential until the contract, if any, resulting from this RFP is signed by the HCA and the Apparent Successful Bidder. Thereafter, the proposals will be public records as defined in RCW 42.17.250 to 42.17.340, "Public Records."

(B) Proprietary information

Any information in the proposal that the bidder desires to claim as proprietary and exempt from disclosure under the provisions of RCW 42.17.250 to 42.17.340 or RCW 41.05.026 must be clearly designated. The page and the particular exception from disclosure upon which the bidder is making the claim should be identified. Each page claimed to be exempt from disclosure should be clearly identified by the word "Confidential" printed on the lower right hand corner of the page.

(C) Exemptions from disclosure

The HCA will consider a bidder's request for exemption from disclosure; however, the HCA will make a decision predicated upon chapter 42.17 RCW, chapter 143-06 of the Washington Administrative Code, RCW 41.05.026, and other applicable law. Marking the entire proposal exempt from disclosure will not be honored; if a bidder does mark the entire proposal as exempt, HCA reserves the right to treat the entire proposal as though none of it was so marked. The bidder should be reasonable in designating information as exempt from disclosure. If any information is marked as proprietary in the proposal, such information will not be made available to any party requesting it from the HCA until the HCA has made a reasonable effort to notify the affected bidder of the requested disclosure.

1.11. Revisions to this RFP

If HCA finds it appropriate to revise any part of this RFP, addenda will be published on the HCA Web site, www.hca.wa.gov/rfp, and will be sent electronically to companies who submitted a notification of Intent to Bid.

(A) Published addenda

For this purpose, the published questions and answers and any additions are addenda to the RFP.

(B) Cancellation or reissue

The HCA reserves the right to cancel or to reissue the RFP in whole or in part, before a contract is signed by both parties.

1.12. Acceptance period

Each proposal must include a statement as to the period during which the terms of the proposal are binding on the bidder if accepted by HCA, and that period must extend at least through 15 August 2005. Once awarded, however, the rates quoted by the winning bidder shall remain effective for a minimum of four and a half years during the initial term of the proposed contract, and no increase in rates is permitted unless the HCA agrees to it in advance.

1.13. Economy of preparation

Each bidder's proposal must be prepared simply and economically, providing a straightforward, concise description of the bidder's ability to meet the requirements of the RFP. Elaborate bindings, colored displays, promotional material, etc., will receive no evaluation credit. Emphasis should be on completeness and clarity of content.

1.14. Responsiveness

All proposals will be reviewed by the RFP Coordinator to determine compliance with administrative requirements and instructions specified in this RFP. The HCA reserves the right, however, at its sole discretion to waive minor administrative irregularities.

1.15. Most favorable terms

The HCA reserves the right to make an award without further discussion of the proposal submitted. Therefore, the proposal must be submitted initially on the most favorable terms that the bidder can propose. There will be no best and final offer procedure; however, the HCA does reserve the right to contact a bidder for clarification of its proposal.

1.16. Contract with selected contractor

Bidders must represent that, if successful, they will enter into a contract in substantially the same form as the draft contract attached in Exhibit D. Contract negotiations will incorporate some or all of the bidder's proposal. No bidder may submit its own standard contract terms and conditions in response to this

solicitation. If a bidder submits a response with its own standard contract in place of amendments to the draft contract in Exhibit D, the response will be considered non-responsive and will not be considered for a contract award. A bidder may submit exceptions as allowed in the Certifications and Assurances, which is included as Exhibit A in this RFP. The HCA will review requested exceptions and accept or reject them at its sole discretion.

1.17. Costs to propose

The HCA will not be liable for any costs incurred by the bidder in preparation of a proposal submitted in response to this RFP, in conduct of a presentation, or any other activities related to responding to this RFP.

1.18. No obligation to contract

This RFP does not obligate the state of Washington or the HCA to contract for services specified herein.

1.19. Rejection of proposals

The HCA reserves the right at its sole discretion and without penalty to reject any and all proposals received and not to issue a contract as a result of this RFP.

1.20. Failure to comply

The bidder is specifically notified that failure to comply with any part of the RFP may result in rejection of the proposal as non-responsive.

1.21. Commitment of funds

The Administrator of the HCA, or his or her delegate, is the only individual who may legally commit the HCA to the expenditures of funds for a contract resulting from this RFP. No cost chargeable to the proposed contract may be incurred before receipt of a fully signed contract.

1.22. Signatures

The Letter of Submittal and the Certifications and Assurances form contained in Exhibit A must be signed and dated by a person authorized to legally bind the bidder to a contractual relationship (such as its President).

1.23. Insurance

The Contractor is to furnish the Agency with a certificate(s) of insurance executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth below.

The Contractor will, at its own expense, obtain insurance coverage as described below, and keep that insurance in full force and effect during the term of the

contract. The Contractor shall furnish evidence in the form of a Certificate of Insurance that insurance shall be provided, and forward a copy of that Certificate to the UMP not later than two weeks after the contract is signed.

(A) Liability insurance

Commercial General Liability Insurance: Contractor will maintain general liability (CGL) insurance and, if necessary, commercial umbrella insurance, with a limit of not less than \$1,000,000 for each occurrence. If CGL insurance contains aggregate limits, the General Aggregate limit shall be at least twice the “each occurrence” limit. CGL insurance will have products and completed operations aggregate limit of at least two times the “each occurrence” limit. CGL insurance will be written on Insurance Service Offices occurrence form CG 00 01 (or a substitute form providing equivalent coverage). All insurance will cover liability assumed under an insured contract (including the tort liability of another assumed in a business contract), and contain a separation of insureds (cross liability) condition.

Additionally, the Contractor is responsible for ensuring that all subcontractors provide adequate insurance coverage for the activities arising out of subcontracts.

(B) Additional provisions

The above insurance policy or policies must include the following provisions:

1. **Additional Insured.** Health Care Authority and its officials, agents, and employees must be named as additional insureds on all liability insurance policies. All insurance provided in compliance with this contract must be primary as to any other insurance or self-insurance programs afforded to or maintained by the State.
2. **Cancellation.** Contractor will give Health Care Authority written notice before cancellation or non-renewal of any insurance referred to therein, in accord with the following specifications.
 - (i) Insurers subject to 48.18 RCW (admitted and regulated by the Insurance Commissioner): The insurer will give HCA 45 days advance notice of cancellation or non-renewal. If cancellation is due to non-payment of premium, the insurer will give HCA 10 days advance notice of cancellation.
 - (ii) Insurers subject to 48.15 RCW (surplus lines): The insurer or the Contractor will give HCA 20 days advance notice of cancellation. If

cancellation is due to non-payment of premium, the insurer will give HCA 10 days advance notice of cancellation.

Identification. Each policy must refer to the HCA and state the HCA contract number.

Section 2. SCOPE OF WORK AND OTHER REQUIREMENTS

2.1. Scope in general

The Contractor will perform a full range of benefits administration services as described in this RFP and the draft Contract. Those include, but are not limited to, the following:

- claims adjudication (excluding retail and mail order pharmacy claims),
- enrollee customer service,
- provider relations,
- medical review,
- appeals,
- audits,
- investigations of claims,
- administrative and technical systems support,
- claim accounting,
- administration of UMP payment policies, rates, and fees,
- management and systems data reports, and
- claims, provider, and enrollee data extracts and reports.

This Section provides more detail on the specific responsibilities of the Contractor. Each proposal must explain how the bidder will perform the work and meet the standards described in this Section 2.

2.2. Organization of this section on Scope

- (A) Subsections 2.3 through 2.13 mention services for which no extra charge by the Contractor to UMP is expected. Those services are included within the base fee described in subsection 3.6. If the bidder cannot include those services in the base fee, it must include with its proposal an explanation of why an additional fee is in the best interests of UMP enrollees and UMP, and what that fee would be.
- (B) Subsection 2.14 mentions services for which the bidder may propose an additional fee. If the bidder expects to receive an additional fee for any of those services, the calculation of that fee must be explained in the Response.

- (C) Subsection 2.15 summarizes the standards of performance required of the Contractor and some consequences of failing to meet those standards.
- (D) Section 2.16 establishes some standards for the transition to the new contract.

Services included in the Base Fee

2.3. Claims administration

(A) In general

The Contractor will administer claims processing and the distribution of claim payments for UMP. Contractor will not be responsible for processing and paying claims for retail and mail-order prescription drugs (these are handled by the pharmacy benefits manager). Contractor will process claims appropriately and account to UMP for the payments. UMP will fund those payments. The Contractor will authorize the issuance of checks and electronic fund transfers for payment of claims. Unless otherwise approved by UMP, claims and appeals handling and utilization management will meet the standards of the National Committee for Quality Assurance and applicable law (including the Health Insurance Portability and Accountability Act and the regulations under that act). The Contractor must be able to accept both electronic and paper claims from within the United States, and paper claims from outside the United States.

(B) Runout

Contractor will administer claims for services on and after 1 January 2006. The present TPA will handle claims for services incurred through 31 December 2005, as provided in the agreement with it.

(C) Reports of payments

The Contractor will send customized Explanations of Benefits statements to patients for each claim transaction, and Details of Remittance reports to providers with each reimbursement check. The forms and content must be approved by UMP. UMP may require those statements to be different from what the Contractor uses with other clients. Unique message codes or remarks may be required by UMP from time to time. Contractor will prepare, produce, and deliver reports required by applicable tax laws; that includes, but is not limited to, Internal Revenue Service form 1099 for providers.

(D) Changes to system

Contractor may not convert to a different claims system without approval by UMP.

(E) Fraud and abuse

Contractor must monitor for signs of internal and external fraud or abuse, and act on the signs.

(F) Standard coding sets and edits

Contractor must maintain a claims system that recognizes industry standard code sets (such as CPT, HCPCS, ICD-9-CM, and codes related to hospital and facility claims such as those commonly used on form UB92). This includes incorporating timely updates as codes change.

(G) Provider Payment Methodologies and Policies

Contractor's system must be able to accommodate UMP's payment methodologies and UMP's policies for calculating provider payments. UMP reimbursement methodologies include, for example, the Resource Based Relative Value Scale (RBRVS), All Payer Diagnosis Related Groups (APDRG), Ambulatory Payment Classification (APC's), and percent discounts as well as others. These systems will require regular updates and monitoring to assure payment accuracy.

(H) Data Extracts

Contractor will provide monthly data extracts, which will include a paid claims data file, a provider data file, and an enrollee data file. These extracts will be provided to ViPS, UMP's data warehouse management vendor, in format specified by ViPS (see the current file format in Exhibit G).

(I) Services after termination of agreement

- (1) Upon termination of the contract, if required by UMP, the Contractor will complete processing all claims for benefits that Contractor received before termination, applying and according to the terms and conditions that would have been applicable if this Agreement remained in effect. During the first three months after such termination, Contractor will be paid the current per subscriber per month rate as full compensation for all claims processed after the date of termination. After three months, Contractor will be paid some amount per claim; bids should state the amount payable per claim. After Contractor has

paid claims run-out on a per-claim basis for fifteen months, the claims run-out will be deemed to be complete and no further payment will be made.

- (2) If the Agreement is terminated and a new third party administrator is chosen, Contractor will transfer enrollee records to the new contractor, promptly.

(J) Electronic information

Contractor will implement Electronic Funds Transfer (EFT) capability with providers participating in the UMP network, if there is sufficient provider interest. There will be no charge to the providers or to the UMP for EFT transactions. Contractor will provide Details of Remittance reports to providers electronically, to the extent the providers are able and willing to receive the reports that way and to the extent the reports can be provided without compromising privacy or security or violating privacy or security standards. Those standards include the HIPAA Privacy Rule and chapter 70.02 RCW, and other applicable standards.

2.4. Customer service for enrollees

The Contractor will provide customer service for UMP enrollees and prospective enrollees. “Prospective enrollees” are individuals seeking information about the plan at any time; UMP expects that most of those inquiries will occur during or just before the annual PEBB Open Enrollment periods. Contractor will add additional personnel and other resources as needed to meet this greater demand.

2.5. Provider relations

The Contractor will be responsible for services to providers. This includes responding to provider inquiries regarding UMP coverage, claims, and enrollee eligibility, and other complex technical questions related to provider payments. UMP internally handles provider contracting for the UMP’s Washington provider network, so that is not within the Contractor’s Scope of Work. The Contractor will, however, handle enrollee and provider calls regarding verification of network status and will coordinate with UMP on maintaining a joint file of network providers.

2.6. Responses to inquiries

Contractor will respond promptly and courteously to inquiries regarding operations or services of UMP. Contractor will make available to enrollees and providers information about covered services (including UMP prescription drug benefits), claims status (claims other than for prescription drugs), an explanation of any payment or denial, provider network participation status, and related items. Contractor will respond to written and email correspondence from enrollees and

providers. Contractor will provide explanations of benefits to enrollees, details of remittances to providers, and standard letters that are approved by UMP. All written communications will be of high quality in appearance and content.

2.7. Appeals by enrollees

The Contractor will handle first level appeals from enrollees and from providers on behalf of enrollees. These would be appeals relating to benefits other than pharmacy benefits, and would not include eligibility matters. Under Washington law, appeals may be oral. The processing of appeals will in all cases comply with the appeals processes and coverage provisions of the applicable Certificate of Coverage. Processing of appeals will also comply in all cases with the Washington Patient Bill of Rights standards unless otherwise directed by UMP. The Contractor will quickly provide all details of first level appeals to UMP for handling of the second level appeals. The Contractor will maintain a database of all appeals and provide periodic reports on appeals in a format acceptable to UMP.

2.8. Reconsideration requests by providers

The Contractor will handle all first-level requests by providers for reconsideration of claim payments and denials.

2.9. Reports & meetings

(A) Reports

Reports will be provided as detailed in Exhibit E.

(B) Meetings

Account management team members will attend monthly meetings to review performance, review reports, consider problems, and discuss other administrative matters. Those meetings will be at the UMP offices unless otherwise agreed.

2.10. Management, staffing, and services

(A) Key staff

Contractor will inform UMP of changes in the managers responsible for the UMP contract, in advance. UMP approval is required for changes in the person responsible overall for the UMP account, and for the managers of claims, customer service, medical review, case management, and technical systems support. In your proposal, identify the individuals who will probably hold those positions, and provide resumes of each.

(B) Customer service line

The Contractor will have a nation-wide toll-free phone number for inquiries from enrollees and prospective enrollees. A sufficient number of trained, reliable individuals will be available to answer calls at least from 8:00 AM to 6:00 PM Pacific time, Monday through Friday except Washington State holidays. Those individuals will have no significant duties other than assisting UMP enrollees and prospective enrollees. They will have access to current information on pending and resolved claims, coverage, payment practices, and other matters necessary for assisting enrollees. This line will also have automated services for confirming eligibility and for checking claim status, available 24 hours every day. Contractor will provide, maintain, and train staff for communications with a Telecommunication Device for the Deaf (TDD). Contractor will ensure interpretive services are available and will provide the necessary equipment. Contractor will provide for interpreter services for enrollees who do not speak English. Contractor will keep records of calls sufficient to determine what was told to the enrollee. Contractor will assign a tracking number to each call and tell the caller, during the call, what that number is.

(C) Provider service line

The Contractor will have a nation-wide toll-free phone number for provider inquiries. A sufficient number of trained, reliable individuals will be available to answer calls at least from 8:00 AM to 6:00 PM Pacific time, Monday through Friday except Washington State holidays. Those individuals will have no significant duties other than assisting providers with issues relating to health care for UMP enrollees and payment for that care. The individuals must be able to assist providers' staff with complex and technical matters about claims payments, processing, claim coding, bundling, and other issues. This line will also have automated services for confirming eligibility and for checking claim status, available 24 hours every day. Contractor will provide, maintain, and train staff for communications with a Telecommunication Device for the Deaf (TDD). Contractor will ensure interpretive services are available and will provide the necessary equipment. Contractor will provide for interpreter services for enrollees who do not speak English. Contractor will keep records of calls sufficient to determine what was told to the enrollee. Contractor will assign a tracking number to each call and tell the caller, during the call, what that number is.

(D) Open Enrollment

Contractor will assist with "open enrollment." Open enrollment is the period each year when people insured under the Washington State Public Employees Benefit Board can change plans freely.

(i) Benefit Fairs

Contractor will have at least two trained and appropriate staff at each of the “benefit fairs” that the Washington Public Employees Benefit Board sponsors around the state for state employees and others. This support by Contractor will begin with the benefit fairs in 2005 and continue for the duration of the contract. There are usually about 20 such benefit fairs each year during October and November, but the number may vary from year to year. For the convenience of prospective bidders, the benefit fair schedule for 2004 is attached as Exhibit H, just as a sample – the schedule will be different for 2005 and later years.

(ii) Open Enrollment shoppers

Contractor will explain UMP benefits to callers to the customer service phone line as they consider whether to enroll in UMP or continue enrollment in UMP. Calls will be especially concentrated during open enrollment, in October and November each year.

(E) Materials and ID cards for new enrollees

Contractor will produce or arrange for the production of customized identification cards for each new UMP enrollee. Contractor will also issue replacements for lost cards as requested by enrollees. The content and form of the identification cards will be prescribed by UMP. Contractor will mail those identification cards and a packet of information for new enrollees to each new enrollee within ten days after Contractor receives an eligibility list from HCA that includes that new enrollee. UMP will provide the packet of information for distribution by the Contractor.

(F) Local office

The Contractor must service the UMP account from an office in the Seattle area. For this purpose, the Seattle area is west of the Cascade Range, from Tacoma to Everett, Washington. The customer service and claims functions must be performed from that office and the managers must be based in that office. Other services, and incidental support for the customer service and claims functions, may be performed elsewhere.

(G) Other meetings

The Contractor will send appropriate representatives to meetings of interagency groups and stakeholder groups, such as the Technical Advisory Group and the Reimbursement Steering Committee.

(H) Subcontracts

Contractor will not enter any subcontract without prior written approval from UMP, whether for services included in the base fee or other services under this Agreement. UMP will generally not approve any subcontract with a non-US entity nor with any entity that may perform any of the work outside the US. Contractor will have appropriate confidentiality agreements in effect with each subcontractor before disclosing any protected health information about UMP enrollees to that subcontractor. Each bidder must disclose in its bid all subcontracts that it expects to use to perform the contract.

(I) Utilization Management and Quality Improvement

Contractor will establish and maintain a Utilization Management and Quality Improvement program with policies and procedures that are in accordance with the most current National Committee on Quality Assurance (NCQA) standards for preferred provider organizations. Those policies and procedures will incorporate enrollee rights and responsibilities as described in the same NCQA standards. Contractor will provide representation on the UMP Quality Improvement and Utilization Management Committees as requested. Contractor will give UMP periodic reports on the data required by NCQA standards and the work plans created by the UMP Utilization Management and Quality Improvement committees.

2.11. Electronic information

(A) UMP staff

Contractor will make claim, benefit eligibility, complaint and appeal, telephone logs, and other information available online to UMP staff designated by UMP, with appropriate measures to protect the confidentiality and integrity of the information and access to it. Contractor will comply with the confidentiality and security provisions of state and federal law, including HIPAA and chapter 70.02 RCW.

(B) Enrollee Web site

Contractor will have a Web site giving enrollees and UMP staff secure online access to information on their claims and eligibility and providing secure email. The site will be available 24 hours every day. Bidders may suggest other online information that may be offered to enrollees.

(C) Provider claims

Contractor will have a Web site giving providers secure online access to information on their claims. The site will be available 24 hours every day. UMP currently supports access through OneHealth Port (www.onehealthport.com) and wants to continue that arrangement.

(D) Complaints and appeals

UMP staff will have secure online access to information on complaints and first-level appeals.

(E) Provider directory

Contractor will provide enrollees, prospective enrollees, providers, and UMP staff access to current information on network providers via a searchable online directory that is tied to a provider database jointly maintained by the Contractor and UMP. The Contractor will provide support and technical assistance in maintaining the database. Network status of providers will be maintained by UMP, and Contractor will assist in updating information in other fields (including, for example, address and other identifying information) as specified by UMP.

(F) Eligibility transfers

- (i) Contractor will receive eligibility data from HCA daily by electronic transfer. The record layout, field descriptions, and processing instructions for the data are shown in Exhibit F. Contractor will forward eligibility information every day to the pharmacy benefit manager. Contractor will also forward eligibility information, on schedules prescribed by UMP, to any subcontractors needing that information (such as case managers, if applicable) and others identified by UMP. Contractor will distribute that information securely and in a format convenient to the recipient. The HCA is the final authority on eligibility.
- (ii) The Contractor must accept electronic data transfer and administer protected health information in compliance with HIPAA. Contractor must also accept information in the form HCA sends it.
- (iii) The Contractor's systems must be able to administer eligibility data that contains Social Security Number (SSN), non-SSN, and alphanumeric identification numbers. The system must be capable of generating unique alpha/numeric ID numbers for each new enrollee that are compatible with the identification numbers now being used for UMP enrollees.

(G) System problems

The Contractor must notify the UMP immediately upon identification of system-related problems, programming problems, or data transfer problems. The Contractor must make every effort necessary to correct such problems within 48 hours regardless of the time or date in order to minimize any negative impact on enrollees and providers.

(H) HIPAA-compliant transactions

The Contractor must certify that all its systems are HIPAA-compliant before the contract effective date.

2.12. Medicare crossover

The Contractor will be responsible for an arrangement for electronic exchange of eligibility and claims data with Medicare, to facilitate payment on claims where UMP coverage is secondary to Medicare. Contractor must have such an arrangement with the primary Medicare claim payer in the Medicare region that includes Washington (that payer is currently Noridian) that is comparable to the arrangement that is already in place between Harrington Benefit Services, Inc., and Noridian for exchange of UMP information. This process is invisible to the enrollees whose primary coverage is Medicare and whose secondary coverage is UMP.

2.13. Continuity

The Contractor must assure continuity of operations. Its services must never be unavailable for more than 48 hours at a time, nor for more than 60 hours in any month, even in cases of natural disasters, enemy attacks, and the like.

Services for which Contractor May Charge in Addition to the Base Fee

2.14. Other services

The Contractor will provide, or arrange for subcontractors to provide, certain additional services.

(A) Required services

The following services must be provided:

1. Registered nurse staffed case management. With calendar year 2004 enrollment of about 130,000 enrollees in UMP PPO and 1,900 enrollees in UMP Neighborhood, the case management workload averaged approximately 130 open cases per month with one intake nurse, three nurse case managers, and a supervisor.
2. Subrogation recovery.

3. Provider networks outside of Washington state. UMP enrollees are covered anywhere in the world. Beech Street is the current vendor for our provider network in the US outside of Washington state. UMP receives claims from both network and non-network providers.
4. The Contractor will generate a file once each year suitable for the printing of the paper network provider directories for each UMP product required for Open Enrollment. UMP will arrange and pay for the printing. Contractor will distribute the printed directory as directed by UMP. UMP generally sends the printed directory to UMP PPO enrollees only if they ask for it.

(B) As-needed services

The following services must be provided as UMP determines they are needed:

- Hospital billing audits
- Provider billing audits

(C) ID cards and materials

As directed by UMP, the Contractor will issue identification cards for all continuing UMP enrollees or all continuing enrollees with certain types of coverage. The content and form of the identification cards will be prescribed by UMP. Contractor may bill UMP for the ID cards at a rate agreed in advance. Bidders may suggest how they could assist or support the UMP with production and distribution of annual plan materials or other enrollee mailings. Note that costs of ID cards for any new UMP enrollees, and any replacement cards requested by enrollees, should be included in the Contractor's base fee (see section 2.10(E)).

(D) Work orders

The Contractor will perform other duties related to Contractor's services under this Agreement requested and set out in work orders by UMP, such as system programming changes and other assistance with UMP benefit administration or management analysis. See section 10 of the draft contract, Exhibit D. In some cases, additional compensation will be paid to the Contractor for work under a work order, as provided in the contract.

Standards of Performance; Consequences

2.15. Performance standards

The Contractor will meet performance standards established by the UMP. Where it fails to meet those standards, it will pay financial consequences, and UMP may at its option terminate the contract under its terms.

(A) Areas and levels of standards

Bidders will state the areas and nature of the standards they can meet. There must be standards in at least the following areas with at least the following minimum standards:

1. Claim Processing Accuracy: 98% overall claims processing accuracy. The percentage of claims processed accurately is calculated as the total number of audited claims minus the number of audited claims processed with error, divided by the total number of audited claims.
2. Claims financial accuracy: 99% financial accuracy. The percentage of claims dollars paid accurately is calculated as the total audited paid dollars minus the absolute value of over and underpayment, divided by the total audited paid dollars.
3. Claims timeliness: 95% of clean claims will be paid or denied within 15 calendar days of receipt by Contractor; 95% of all claims will be paid or denied within 30 calendar days of receipt by Contractor.
4. Claims backlog: The average claims backlog in any calendar quarter will be no more than 14 days
5. Customer service:
 - i. average speed of answer: 45 seconds;
 - ii. percentage of calls answered: 95%;
 - iii. resolution on first call: 85%.
6. Complaints, appeals, and provider reconsideration
 - i. substantive written response to enrollee complaints: 95% within 14 calendar days;
 - ii. substantive written response to provider complaints: 95% within 14 calendar days;
 - iii. Resolution of enrollee appeals: 95% within 14 calendar days;
 - iv. Acknowledgement of complaints and appeals: 95% within five business days.
7. Management reports: Contractor must propose a production schedule for a set of management reports documenting achievement of major contract requirements, including maximum timelines for delivery of these reports to UMP.

(B) Consequences of failing to meet standards

For each standard that is not met for a calendar quarter, the fee otherwise due to Contractor from UMP in the next calendar quarter is reduced. Your proposal must state the dollar amount by which you propose that it would be reduced. UMP may waive the reduction in any case at its discretion; but such a waiver does not mean UMP cannot reduce the fee in later quarters, or in that quarter as to other performance standards. UMP may also conditionally

waive a reduction, contingent upon performance in one or more later quarters.

(C) Implementation performance standards

Each bidder in its proposal must propose consequences for its failure to meet its schedule for the implementation of this contract, services during 2005 Open Enrollment, and transition from the present Contractor.

Transition

2.16. Transition

The Contractor must provide a smooth and efficient transition from the existing Contractor. All services must be handled with no adverse effect on the enrollees, providers, or UMP.

Section 3. PROPOSAL CONTENT

To be considered for a contract award, each bidder must meet the minimum qualifications in subsection 1.2; must provide the information and statements called for in this Section; and must provide the “certifications and assurances” in exhibit A. Proposals must provide information in the same order as presented in this RFP with the same headings and references.

3.1. General Information

(A) General

The Letter of Submittal and the Certifications and Assurances form in Exhibit A must be signed and dated by a person authorized to bind the bidder to a contractual relationship (such as its President).

(B) Identification

State the name, address, and telephone number of the legal entity with which an awarded contract would be written.

(C) Minimum qualifications

Explain how the bidder meets each of the minimum qualifications stated in section 1.2 (page 7).

(D) Legal status

State your legal status (such as, for example, partnership, non-profit organization, or for-profit corporation). If you are incorporated, identify the

state in which you are incorporated. Explain the history and parent organization ties, if applicable. Include an organization chart for the bidder.

(E) Local office

Identify your Seattle-area office that would serve the UMP account. Explain how long that office has been operating for you and what accounts it serves, the number and experience of local staff, and any anticipated additions to staff that might be required to serve this account.

(F) Financial statements

Submit a copy of your most recent audited financial statements (balance sheet, income statement, and flow of funds). If your firm is a subsidiary of a parent organization, submit separate financial statements for the bidder and the parent company. The HCA reserves the right to request additional financial information and guarantees.

(G) Other clients

In addition to the UMP, how many other clients and total lives do you anticipate that the account management team will be scheduled to implement between 1 July 2005 and 31 December 2005?

(H) Merger etc.

Will the bidder sell more than half of its assets, or acquire more than half the assets of another entity, or be in a merger with another organization, within the next 30 months? If so, describe the planned transaction or transactions, including expected timelines.

(I) Contingencies

Is the bidder currently involved in any litigation, reorganization, mergers, or other action that could have a significant effect on your financial position? If so, describe the nature of the action and the current status and give your best estimate of the dollar impact such action could have on you. Describe any other significant contingent liabilities.

(J) State employment

Have any of your organization's directors, officers, or key employees been employed by the state of Washington in the last 24 months? If yes, for each such director, officer, or key employee state the name and his or her position and dates of employment with the state of Washington, and describe the job duties while in state service. In some circumstances, such an employee might

disqualify your organization from the contract under the Washington state government ethics laws.

(K) Washington State contracts

If the bidder or any subcontractor has had a contract in force with the state of Washington at any time during the past 24 months, identify the agency, the contract number, and the project description or other information available to identify the contract. Identify the state agency contract or project manager.

(L) References

Give names, phone numbers, mailing addresses, and e-mail addresses of contacts for at least three current clients for which the bidder is third-party administrator. State how many lives are in the plan for which bidder is third-party administrator, the types of services provided, and the length of the contract relationship with each client listed. Also give professional references for the managers identified in your response to subsection 2.10A. The RFP coordinator, UMP, or someone acting on behalf of either may contact those clients or other references and ask about experiences with the bidder and their opinions of the bidder and individuals and his, her, or its work and character.

(M) Defaulted contracts

If the bidder has had a contract terminated for default in the last five years, describe each such incident. Submit full details of the terms for default including the other party's legal name, address, and phone number. Present the bidder's position on the matter. The HCA will evaluate the facts and may, at its sole discretion, reject the proposal on the grounds of the past experience. If the bidder has not experienced termination for default in the past five years, say that. For purposes of this paragraph, termination for default means notice to stop performance due to the bidder's non-performance or poor performance and the issue of performance was either

- (a) not litigated due to inaction on the part of the bidder, or
- (b) litigated and the litigation determined that the bidder was in default.

(N) Accreditation

State whether your firm is certified by any national standards organization (for example, the National Committee for Quality Assurance). If it is so certified, attach a copy of the documentation (not the original). If it is not so certified, state whether you expect to become so certified by any such organization, and if so then explain when and how.

3.2. Response to “Scope of Work” Items

(A) General

Bidders must respond addressing each component of the Scope of Work in Section 2. As part of that response, each bidder must acknowledge its acceptance of, or indicate its exceptions to, the requirements of the RFP. In addition, each proposal must respond to the following questions or statements. In responding to the following, a reference to where the matter is addressed in your response to Section 2 will suffice, if applicable.

(B) Access to claims and appeals databases

Explain how you would give the UMP staff access to your database of claim and appeal decisions, and what information is in that database.

(C) Appeals

Explain how your process for handling appeals would comply with the Certificate of Coverage and applicable law.

(D) Medical review

Explain what medical review services you would provide and how you would provide them. Include discussion of utilization review and quality improvement programs and how, and to what extent, they are consistent with National Committee on Quality Assurance standards for preferred provider organizations. State the professional qualifications of medical review staff who would handle the work for this contract.

(E) Case management and other programs

Explain what case management services you would provide and how you would provide them. What other clinical programs does your organization provide for clients (e.g. disease management, etc.)?

(F) Fraud and abuse

Explain how you would monitor for signs of fraud or abuse, and how you act to prevent fraud and abuse. Include an explanation of your present practices with other clients, and also a statement of your plans for the UMP account if that would be different. Include a description of your internal audit practices that would apply to operations under this contract. Explain how you would coordinate with the UMP claims investigation function.

(G) Coordination with Pharmacy Benefits Manager

Explain how you propose to handle coordination with the pharmacy benefits manager. Include customer service, eligibility issues, and tracking claims costs.

(H) Continuity

How do you assure continuity of operations, so that services are never unavailable for more than limited times, even in cases of natural disasters, enemy attacks, and other disruptive events?

(I) Out-of-state network

How would you arrange for a network of providers to serve enrollees outside Washington state? What would be the network credentialing standards? Using GeoAccess or some similar program, explain the access that out-of-state enrollees would have to network providers. What discount from providers' billed charges will you achieve on UMP claims for services from these network providers?

(J) Other costs

Explain the cost to UMP for programming services and other services not included in the base fee.

(K) Return on investment

Explain how you measure the return on investment for case management, audit, and subrogation services.

(L) Electronic claims and related matters

Discuss your handling of electronic claims and electronic payments. How much of your claims volume now is received and paid electronically, for provider claims, hospital claims, Medicare crossover, and other categories as applicable? What proportion of your detail of remittance reports to providers do you issue electronically? Could you handle more of your claims and payments electronically? How? What clearinghouses, if any, do you use?

(M) Payment methodologies and policies

Describe how you would implement and manage UMP payment methodologies and policies. Explain your process for managing, updating, and monitoring your payment system for accuracy.

(N) Standard coding sets and edits

Describe your ability to maintain current code sets. Explain contractor's current coding edit software (such as the national Correct Coding Initiative [CCI] edits) used to detect inappropriate coding. Explain your frequency of updates and your ability to customize edits.

(O) Claims data extracts

Describe your ability to provide monthly extracts of UMP claims data, a provider data file, and a enrollee data file in specified formats. Explain your process for implementing, managing and monitoring the required file extracts for accuracy.

(P) Draft contract

Explain any changes you would propose and any you would require in the draft contract. Explain also how you would propose to word any provisions in that draft contract that have been left open.

3.3. Subcontracting

(A) Arrangements with subcontractors

Explain the arrangements with any proposed subcontractor that would perform any part of the administration of a contract resulting from this RFP.

(B) Coordination

Explain how you propose to handle coordination with your subcontractors and with other UMP contractors.

3.4. Implementation and Transition

(A) General description

Describe how you will manage the transition process from the current contractor, Harrington Benefit Services, Inc. Describe the specific tasks, data requirements, and resources that will be needed and how you expect your transition team to be organized, including both contractor responsibilities and support needed from UMP, HCA, and other vendors.

(B) Management

Who will manage the implementation process? Describe his or her roles and responsibilities. Attach a resume.

(C) Plan

Provide an implementation plan that outlines all key steps for plan implementation. State the number of person-hours allocated to each task and the estimated State agency resources necessary for each task. A Gantt chart showing each event, task, and decision point in your work plan must also be provided, assuming a 1 July 2005 effective date. Include specific dates in a timetable.

(D) Communications

Include samples of communication materials, if any, for use during the transition and implementation phases.

3.5. Innovative Proposals

Explain any alternative or additional services you might offer or propose to address UMP needs outlined in this RFP. Tell us how they would benefit UMP enrollees and UMP. State whether the cost is included in the Cost Proposal base fee (see paragraph 3.6(A) below) or would be added. If the cost would be added, explain how it would be determined and how much it is likely to be. For example, you might explain your disease management programs.

3.6. Cost proposal

State the price you propose to charge UMP for your services.

(A) Base fee & services

State a base fee as a price per subscriber per month. Note that this fee is per “subscriber,” not per “enrollee.” That base fee must cover all the services in subsections 2.3 through 2.13 of the Scope of Work, Section 2. If, however, the bidder proposes to charge separately for any of those services and not include them in the base fee, explain the reasons for that, and what the costs and benefits to UMP would be.

(B) Other fees

For all other services called for in the Scope of Work, Section 2, state whether the cost for each service is included in the base fee. If so, specify any assumptions necessary. If not included, state what the cost would be and how it would be determined.

Section 4. EVALUATION AND CONTRACT AWARD

4.1. Procedure

(A) General

Responsive proposals will be evaluated strictly in accordance with the requirements stated in this solicitation and any addenda issued. An evaluation team designated by the HCA will complete the evaluation and determine the responsiveness of the proposals. The team will be made up of a core group who will review the major portions of the proposals, and other persons designated by HCA who will evaluate specific sections of each proposal. These other reviewers may or may not be HCA staff. The evaluation team will determine which bid is in the best interest of the Health Care Authority and select the apparent successful bidder. Bidders must not discuss the procurement with the evaluators unless the HCA chooses to conduct oral presentations. All communications related to this RFP will be through the RFP Coordinator with the exception of discussions during oral presentations if the HCA chooses to conduct them.

(B) Stages

The evaluators will consider how well each bidder's response meets the needs of the UMP. Responses will be evaluated and scored using a progressive, five-stage selection process as outlined below.

Stage	Description
1	Mandatory Proposal Requirements, including Response to the Scope of Work
2	Preliminary Scoring and Financial Analysis; selection of finalists or of apparent successful bidder
3	Notification of Contract Finalists
4	Oral Presentations (if necessary)
5	Notification of Apparent Successful Bidder

A bidder's response is considered at one stage only if it meets the evaluation team's criteria in the preceding stage. If a bidder's response is determined to be unresponsive or otherwise fails to meet the criteria stated in this RFP, the proposal will be dismissed and no further consideration will be given. Thus, it is important that a bidder's response is clear and complete so that the evaluators can understand all aspects of the response. Scores will be based on information acquired through the bidder's responses, and the responses of bidder's references.

(C) Other processes

HCA, at its option, may engage other processes in order to make a final award decision.

4.2. Stage 1 – Mandatory proposal requirements

To be eligible for award consideration, the bidder must meet the minimum qualifications and conditions.

Failure to meet any of the requirements listed in this Stage 1 may result in disqualification from further consideration in the bid process.

- (i) Eligibility: meet the minimum qualifications stated in subsection 1.2.
- (ii) Notification: submit a Notification of Intent to Bid by the deadline.
- (iii) Conference: attend the Bidders' Conference, if it is held.
- (iv) Timeliness: the RFP Coordinator must receive one hard copy plus copies of the proposal on 10 CD-ROMs, no later than the deadline specified in subsection 1.6.
- (v) Response to Scope of Work: the written proposal must indicate the ability of the contractor to meet the terms and conditions of this RFP as outlined in the Scope of Work in Section 2.
- (vi) Completeness: the bidder must respond completely as described in Section 3.

Only those responses that pass Stage 1 will be considered in Stage 2.

4.3. Stage 2 – Preliminary scoring and financial analysis

After the Stage 1 evaluation is complete, the team members will review the proposals that passed Stage 1, including a financial analysis for each proposal that passed Stage 1.

(A) Scoring

Proposals can earn a maximum score of 200 points in the preliminary scoring. The points are allocated as follows:

- 30 Experience and qualifications of the bidder;
- 30 Qualifications of the managers and other individuals who will work on the UMP account;
- 80 Technical response: the point-by-point response to the Scope of Work (section 2) and the other matters raised in Section 3 except cost;
- 60 Cost to the UMP, overall.

(B) Financial analysis

The evaluation will consider the impact of various financial components. The financial analysis performed in this Stage will be calculated into the evaluation of overall contract cost and included in the overall score for each proposal. This analysis includes considerations of direct and indirect costs.

(C) Pricing negotiations

The HCA may, at its option, enter into negotiations with a bidder on pricing only.

After a final award recommendation is made, the HCA may, at its discretion, engage in further pricing negotiations with the Apparent Successful Bidder.

(D) Clarifications

The HCA may request clarification from any bidder. The request will be written and responses must be written

4.4. Stage 3 – Notification of contract finalists

One or more finalists will be identified. HCA, at its option, may choose to select only one finalist if it deems that one bidder's proposal sufficiently exceeds the quality and value of the other responses. HCA reserves sole discretion for determining the number of finalists. The notification of finalists is subject to the Provisions to Evaluation Procedure in subsection 4.7

4.5. Stage 4 – oral presentations (if held)

Oral presentations, if HCA chooses to have them, will be considered in addition to the written submittal in selecting the Apparent Successful Bidder.

(A) Oral presentations

The HCA, at its sole discretion, may elect to have finalists make an oral presentation. These oral presentations provide an opportunity for the finalists to clarify their proposals. Additionally, all available account management team members proposed by the bidders must be present (including the prospective account manager, systems specialist, and implementation coordinator). If the HCA chooses to hold oral presentations, it will contact the finalists to schedule a date, time, and location. HCA may choose to record the oral presentations.

(B) Commitments at oral presentation

Commitments made by the bidder, if any, at the oral presentation will be considered binding.

(C) Scoring

A maximum of 100 points will be awarded based on the oral presentation and answers to questions. Finalists' scores for the oral presentations will be added to their preliminary scores to determine the total scores for each finalist.

(D) Location; site visit

The oral presentation may be held at the bidder's offices, the UMP offices, or elsewhere. This is at the option of UMP. Also, if UMP so requests, the bidder will give UMP staff a tour of relevant areas of the bidder's home office and office that would handle the UMP account. That tour may be requested whether the oral presentation is at the bidder's office or not.

4.6. Stage 5 – Notification of apparent successful and unsuccessful bidders

The HCA RFP coordinator will compile the scores and make a recommendation of the Apparent Successful Bidder to the UMP. By 15 April 2005, the award notification will be made to the Apparent Successful Bidder and to unsuccessful bidders and posted to the HCA Web site.

4.7. Provisions to evaluation procedure

(A) Rejection

The HCA reserves the right to reject any one or more proposals or all proposals in whole or in part, if in its sole judgment the best interest of the HCA will be so served.

(B) Financial stability

The HCA reserves the right to evaluate the financial stability of any bidder and to take that stability into account in awarding a contract.

(C) Financial information

The HCA may seek financial information from the bidder and from third parties. If the HCA determines, in its sole discretion, that contracting with a bidder presents an unacceptable risk, the HCA reserves the right to not

award a contract to that bidder and instead offer the award to a different bidder.

(D) Award not necessarily to lowest bidder

The HCA reserves the right not to award the contract to the lowest cost bid.

4.8. Notification to unsuccessful bidders

Firms whose proposals have not been selected for further negotiation or award will be notified via letter or email.

(A) Debriefing with unsuccessful bidders

Upon request, a debriefing conference will be scheduled with an unsuccessful bidder. The request for a debriefing conference must be received by the RFP Coordinator within three business days after the Notification of Unsuccessful Bidder letter is faxed or e-mailed to the bidder. The debriefing will be held at a time mutually agreed upon by the parties but no more than 15 business days from the date of the request.

(B) Subjects

Discussion will be limited to a critique of the requesting Bidder's proposal. Comparisons between proposals or evaluations of the other proposals will not be allowed.

(C) Time and place

Debriefing conferences may be conducted in person or on the telephone and will be scheduled for a maximum of one hour.

4.9. Protest procedure

This procedure is available to bidders who submitted a response to this solicitation document and who have participated in a debriefing conference. Upon completing the debriefing conference, the bidder is allowed three business days to file a protest of the acquisition with the RFP Coordinator. Protests may be submitted by facsimile and must be followed by the original document. Protests delivered by email will not be considered.

(A) General

Bidders protesting this procurement must follow the procedures in this subsection 4.9. Protests that do not follow these procedures will not be considered. This protest procedure is the sole administrative remedy available to bidders under this procurement.

(B) Form of protest

All protests must be in writing and signed by the protesting party or an authorized agent. The protest must state the grounds for the protest with specific facts and complete statements of the action(s) being protested. A description of the relief or corrective action being requested must also be included. All protests must be addressed to the RFP Coordinator.

(C) Issues

Only protests identifying an issue of fact concerning the following subjects shall be considered:

- (i) A matter of bias, discrimination, or conflict of interest on the part of the evaluators.
- (ii) Non-compliance with procedures described in the procurement document or HCA policy.

Protests not based on those procedural matters will not be considered. Protests will be rejected as without merit if they address issues such as an evaluator's professional judgment on the quality of a proposal, or the HCA's assessment of its needs or requirements.

(D) Protest review

Upon receipt of a protest, a protest review will be held by the HCA. HCA will designate an employee who was not involved in the evaluation to consider the record and all available facts and issue a decision within five business days of receipt of the protest. If additional time is required, the protesting party will be notified of the delay.

(E) Other bidders

If a protest may affect the interest of another bidder which submitted a proposal, such bidder will be given an opportunity to submit its views and any relevant information on the protest to the RFP Coordinator.

(F) Final determination

The final determination of the protest shall either

- (i) find the protest lacking in merit and uphold the HCA's action or find only technical or harmless errors in the HCA's acquisition process and determine the HCA to be in substantial compliance and reject the protest; or

(ii) find merit in the protest and provide the HCA options, which may include:

- Correct the errors and re-evaluate all proposals, or
- Reissue the solicitation document and begin a new process, or
- Make other findings and determine other courses of action as appropriate.

(G) Protest without merit

If the HCA determines that the protest is without merit, the HCA will enter into a contract with the Apparent Successful Bidder(s). If the protest is determined to have merit, one of the alternatives noted in the preceding paragraph will be taken.

Section 5. DEFINITIONS

Common terms used throughout this RFP are defined below.

5.1. Apparent Successful Bidder

The bidder who is determined to be the most responsive and who offers the best value and quality for the proposed services; the bidder with whom the HCA intends to contract for third-party administrator services.

5.2. Bidder

A company submitting a proposal in an effort to be awarded a contract with the HCA.

5.3. Contractor

A company whose proposal has been accepted by the HCA and that has agreed to a written contract.

5.4. Enrollees

Individuals who are participants in the UMP.

5.5. Proposal

A formal offer submitted in response to this solicitation.

5.6. Subscriber

The individual or family member who is the primary certificate holder and UMP enrollee. “Subscriber” does not include that person’s dependents enrolled in UMP on the basis of that person’s being a subscriber.

EXHIBIT A: Certifications and Assurances

On behalf of _____, "Proposer," I make the following certifications and assurances. These certifications and assurances are a required element of the proposal to which it is attached. I understand that the truthfulness of the facts affirmed here and the continuing compliance with these requirements are conditions precedent to the award or continuation of the related contract:

1. I declare that all answers and statements made in the proposal are true and correct and are not misleading or deceptive.
2. The prices and cost data have been determined independently, without consultation, communication, or agreement with others for the purpose of restricting competition. However, Proposer may freely join with other persons or organizations for the purpose of presenting a single proposal.
3. The attached proposal is a firm offer until 15 August 2005. The proposal may be accepted by the Health Care Authority without further negotiation (except where obviously required by lack of certainty in key terms) at any time until then.
4. In preparing this proposal, Proposer has not been assisted by any current or former employee of the state of Washington whose duties relate (or did relate) to this proposal or prospective contract, and who was assisting in other than his or her official, public capacity. (Any exceptions to this assurance are described in full detail on a separate page and attached to this document.)
5. Proposer understands that the HCA will not reimburse it for any costs incurred in the preparation of this proposal. All proposals become the property of the HCA, and Proposer claims no proprietary right to the ideas, writings, items, or samples, unless so stated in this proposal.
6. Unless otherwise required by law, the prices and cost data that have been submitted have not been knowingly disclosed by the Proposer and will not knowingly be disclosed by it, directly or indirectly, to any other Proposer or to any competitor, before the date proposals are due.
7. Proposer agrees that submission of the attached proposal is acceptance of the solicitation contents and the attached sample contract and general terms and conditions. If there are any exceptions to these terms, Proposer has described those exceptions in detail on a page attached to this document.
8. No attempt has been made or will be made by the Proposer to induce any other person or firm to submit or not to submit a proposal for the purpose of restricting competition.
 - a. Proposer grants the HCA the right to contact anyone who may have pertinent information regarding the Proposer's prior experience and

ability to perform the services contemplated in this procurement. This includes those named by Proposer as references, and anyone else. Proposer agrees that those persons may speak freely to HCA and will not be liable to Proposer for any statement except for willfully false or misleading statements.

- b. Proposer guarantees that, if it is selected apparent successful bidder, it will work cooperatively with UMP and use its best efforts to have a contract signed no later than 1 July 2005.

PROPOSER

By:

(Print Name)

(Title)

(Date)